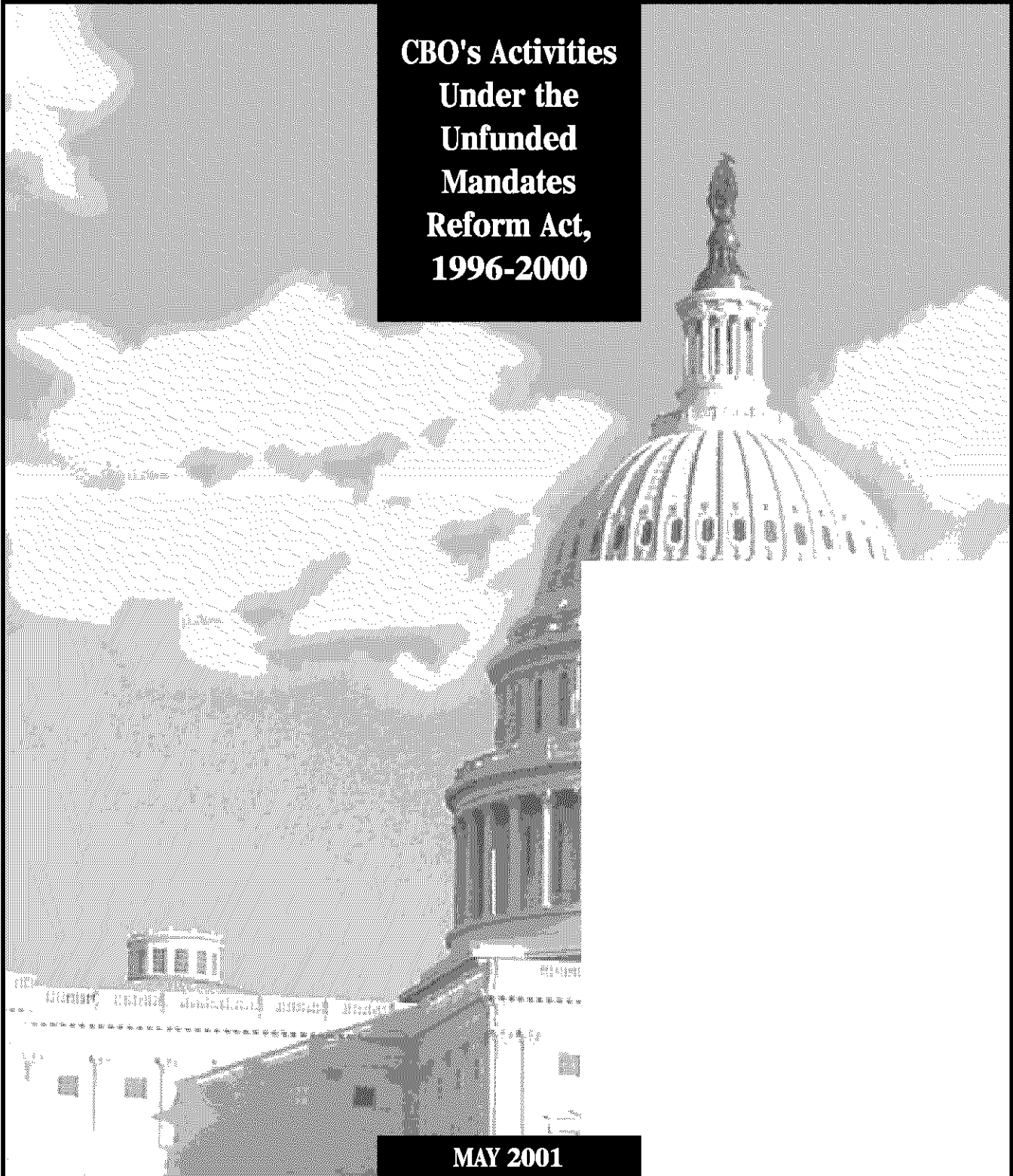


CONGRESS OF THE UNITED STATES  
CONGRESSIONAL BUDGET OFFICE

**A**  
**CBO**  
**PAPER**

**CBO's Activities  
Under the  
Unfunded  
Mandates  
Reform Act,  
1996-2000**



**MAY 2001**

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**CBO'S ACTIVITIES UNDER  
THE UNFUNDED MANDATES REFORM ACT,  
1996-2000**

The Congress of the United States  
Congressional Budget Office

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# Preface

**T**his Congressional Budget Office (CBO) paper summarizes the provisions of the Unfunded Mandates Reform Act and reviews CBO's activities under title I of that law during its first five years (1996-2000). The paper reviews the extent to which legislation before the Congress during that period would have imposed federal mandates on other levels of government or the private sector. Besides tracking five-year trends in federal mandates, it also presents information for 2000, updating CBO's four previous annual reports on the Unfunded Mandates Reform Act (available at [www.cbo.gov](http://www.cbo.gov)).

The paper was written by Theresa Gullo, Chief of CBO's State and Local Government Cost Estimates Unit, under the supervision of Robert Sunshine, and by Patrice Gordon, coordinator of private-sector mandates for CBO's Microeconomic and Financial Studies Division, under the supervision of Roger Hitchner.

Christian Spoor edited the paper, and Christine Bogusz proofread it. Rae Wiseman prepared the paper for publication, and Lenny Skutnik produced the printed copies. Annette Kalicki prepared the electronic versions for CBO's Web site ([www.cbo.gov](http://www.cbo.gov)).

Dan L. Crippen  
Director

May 2001

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# Summary

**T**he Unfunded Mandates Reform Act (UMRA)—passed in 1995 in one of the first actions of the 104th Congress—is intended to focus more attention on the costs of mandates that the federal government imposes on other levels of government or the private sector. UMRA’s supporters had many goals for the legislation, including ensuring that the Congress had information about the costs of mandates before it decided whether to impose them, and encouraging the federal government to provide funding to cover the costs of intergovernmental mandates. To accomplish those goals, title I of UMRA established requirements for reporting on federal mandates and new legislative procedures designed to increase both the supply of information about the costs of mandates and Congressional demand for such information.

In the five years since UMRA took effect, both the amount of information about mandate costs and interest in that information have increased dramatically. In addition, numerous pieces of legislation that originally contained significant unfunded mandates were amended to either eliminate the mandates or lower their costs. In many of those cases, information about mandate costs provided by the Congressional Budget Office (CBO) clearly played a role in the Congressional decisions. In those respects, title I of UMRA has proved to be effective.

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## Trends in Federal Mandates Since 1996

Title I of UMRA requires CBO to estimate the costs of federal mandates in bills that are considered by authorizing committees. CBO must provide a detailed cost estimate for each bill that contains mandates whose costs would total \$50 million or more per year to the public sector (state, local, or tribal governments) or \$100 million or more per year to the private sector. (Those thresholds are in 1996 dollars and are adjusted each year for inflation. In 2000, they were \$55 million for intergovernmental mandates and \$109 million for private-sector mandates.)

Since UMRA took effect in 1996, CBO has provided mandate cost statements for nearly all of the bills reported by authorizing committees. It has also given information to Members of Congress and Congressional staff about mandates at other stages in the legislative process—before bills are introduced, when amendments are considered on the floor of the House or Senate, and when conference committees develop their reports.



Over the past half decade, several patterns about federal mandates and their costs have become clear.<sup>1</sup>

- Most of the legislation that the Congress considered in the past five years did not contain federal mandates as UMRA defines them. Of the more than 3,000 bills and other legislative proposals that CBO reviewed between 1996 and 2000, 12 percent contained intergovernmental mandates and 14 percent contained private-sector mandates.
- Most of those mandates would not have imposed costs greater than the thresholds set by UMRA. Only about 9 percent (32) of the bills with intergovernmental mandates—or 1 percent of the bills that CBO reviewed—had annual costs of \$50 million or more, by CBO's estimate. (About half of the intergovernmental mandates that CBO identified were explicit preemptions of state or local authority. In most of those cases, the costs to comply with the preemptions were not significant.) Less than 24 percent (100) of the bills with private-sector mandates—or about 3 percent of the bills that CBO reviewed—had costs of more than \$100 million a year (see Summary Table 1). Few of the bills with either kind of mandate, however, contained federal funding to offset the costs of the mandates.
- Although the percentage of bills containing a federal mandate stayed fairly constant over the past five years, the percentage of bills with mandates over the statutory thresholds declined steadily. Bills with intergovernmental mandates above the threshold decreased from 1.5 percent (11) in 1996 to less than 0.5 percent (3) in

2000, and bills with private-sector mandates above the threshold dropped from 5.6 percent (38) in 1996 to less than 1 percent (6) in 2000.

- Few mandates with costs over the UMRA thresholds were enacted in the past five years. Only two intergovernmental mandates with annual costs of at least \$50 million became law—an increase in the minimum wage (in 1996) and a reduction in federal funding to administer the Food Stamp program (in 1997). Those enacted mandates represent less than 1 percent of the intergovernmental mandates that the Congress has considered since UMRA took effect.

A slightly larger percentage of private-sector mandates before the Congress became law and imposed significant costs. Sixteen of the private-sector mandates identified by CBO as costing more than the \$100 million threshold were enacted. Of those, eight involved taxes, three concerned health insurance (requiring portability of insurance coverage, minimum maternity stays, and changes in Medicare coverage), two dealt with regulation of industries (telecommunications reform and changes in milk pricing), two affected workers' take-home pay (increases in the minimum wage and in federal employees' contributions for retirement), and one imposed new requirements on sponsors of immigrants.

- In some cases, lawmakers have altered legislative proposals to reduce the costs of federal mandates before enacting them. Four intergovernmental and five private-sector mandates that CBO identified as having costs above the thresholds when they were approved by authorizing committees were amended before enactment to bring their costs below the thresholds. For many of those mandates—such as a requirement that driver's licenses show Social Security numbers, a moratorium on certain taxes on Internet services, preemptions of state securities fees, and provisions in the farm bill about the contents of milk—it was clear that information provided by CBO played a role in the Congress's decision to lower the costs.

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1. Because CBO's experiences each year with UMRA have been so similar, these observations closely mirror the conclusions presented in CBO's four previous annual reports on the subject: *An Assessment of the Unfunded Mandates Reform Act in 1999* (March 2000), *An Assessment of the Unfunded Mandates Reform Act in 1998* (February 1999), *An Assessment of the Unfunded Mandates Reform Act in 1997* (February 1998), and *The Experience of the Congressional Budget Office During the First Year of the Unfunded Mandates Reform Act* (January 1997).

**Summary Table 1.**  
**Total Number of CBO Mandate Statements for Bills, Proposed Amendments, and Conference Reports, 1996-2000**

	Intergovernmental Mandates	Private-Sector Mandates
Total Number of Statements Transmitted	3,059	2,949
Number of Statements That Identified Mandates	355	422
Mandate costs would exceed threshold <sup>a</sup>	32	100
Mandate costs could not be estimated	21	36

SOURCE: Congressional Budget Office.

NOTE: The numbers in this table represent official mandate statements transmitted to the Congress by CBO. CBO prepared more intergovernmental mandate statements than private-sector mandate statements because in some cases it was asked to review a specific bill, amendment, or conference report solely for intergovernmental mandates. In those cases, no private-sector analysis was transmitted to the requesting Member or committee. CBO also completed a number of preliminary reviews and informal estimates for other legislative proposals that are not included in this table. Mandate statements may cover more than one mandate provision, and occasionally, more than one formal CBO statement is issued for each mandate topic.

a. The thresholds, which are adjusted annually for inflation, were \$50 million for intergovernmental mandates and \$100 million for private-sector mandates in 1996. They rose to \$55 million and \$109 million, respectively, in 2000.

## The Narrow Scope of UMRA

The numbers presented in this report should be viewed in light of the fact that UMRA defines federal mandates narrowly. According to the law, the conditions attached to most forms of federal assistance (including most entitlement grant programs) are not mandates. In some cases, complying with such conditions of aid can be costly. Between 1996 and 2000, CBO identified more than 450 bills that would impose those types of nonmandate costs on state, local, or tribal governments. In most cases, however, CBO estimated that such costs would not be significant. During that period, CBO also identified numerous bills that would benefit state, local, or tribal governments.

In addition, UMRA focuses on the direct costs that entities affected by mandates would bear. But federal mandates also impose indirect costs, including the effects on prices and wages when the costs of a mandate imposed on one party are passed along to other parties, such as customers or employees. Those effects of federal legislation on other levels of govern-

ment and the private sector are not subject to the requirements of UMRA. Nevertheless, CBO includes information about significant indirect effects in some of its cost statements for mandates over the threshold. When sufficient time and data are available, it also provides quantitative estimates of the size of those effects. For example, CBO analyzed the indirect effects of proposed mental health parity requirements, including possible reductions in workers' take-home pay, health insurance coverage, and fringe benefits. Similarly, CBO's analysis of proposed increases in the minimum wage included the possible impact on employment of low-wage workers.

The scope of UMRA is further narrowed by the fact that the law does not apply to legislative provisions that deal with constitutional rights, discrimination, emergency aid, accounting and auditing procedures for grants, national security, treaty ratification, and title II of Social Security (Old-Age, Survivors, and Disability Insurance benefits). Roughly 5 percent of the bills that CBO reviewed in the past five years contained provisions that fit within those exclusions. Many of them addressed constitutional rights or national security issues.

## Challenges to CBO in Implementing UMRA

Determining what constitutes a mandate under UMRA can be complicated. For example, the law defines a mandate as “an enforceable duty except . . . a duty arising from participation in a voluntary federal program.” Although an activity (such as sponsoring an immigrant’s entry into the United States) may be voluntary, the federal program affecting that activity (immigration laws) is not. In that case, a bill imposing new requirements on the sponsors of immigrants would constitute a mandate under UMRA. In contrast, other federal programs that are truly voluntary in nature may impose requirements on their participants that, by UMRA’s definition, are not mandates. Those distinctions between what is voluntary and what is mandatory are not always clear.

Even when CBO determines that a legislative proposal contains a federal mandate, the agency faces numerous challenges in estimating the costs of the mandate. In some cases, accurately determining how many state and local governments or entities in the private sector would be affected by a mandate is impossible. In other cases, the entities that would be subject to a mandate are diverse and would not be affected uniformly, making it difficult to total the incremental costs of compliance for all parties that would be affected. In other instances, it may be impossible to estimate the costs of a mandate at the legislative stage, before regulations to implement it have been developed. Even the mandated parties may not be able to estimate costs reliably without knowing what the regulations to carry out the mandate will entail.

Fortunately, UMRA requires CBO to determine whether the costs of complying with mandates would

exceed specific thresholds and to provide cost estimates only for mandates that would do so. If UMRA required CBO to provide more-detailed estimates for each mandate, the agency’s job would be considerably more difficult and time consuming.

## Proposals to Expand UMRA

Since UMRA was enacted, lawmakers have proposed expanding title I in several ways. One proposal would build on UMRA’s perceived success in focusing Congressional attention on unfunded intergovernmental mandates by expanding the law’s procedural requirements for private-sector mandates (particularly the provision that allows Members of Congress to raise a point of order, or procedural objection, against a bill that contains an intergovernmental mandate with costs above the threshold). Other proposals would expand UMRA’s definition of a mandate as it relates to large federal entitlement programs administered by state or local governments. Both of those proposals were included in the Mandates Information Act, which was considered by the Congress in 1998 and 1999 but never enacted.

To date, lawmakers have made only one, relatively minor, change to UMRA. The State Flexibility Clarification Act of 1999 (Public Law 106-141) requires authorizing committees and CBO to provide more information in committee reports and mandate statements for legislation that would “place caps upon, or otherwise decrease, the federal government’s responsibility to provide funding to state, local, or tribal governments” under some large entitlement grant programs. In general, that requirement for additional information applies to few bills, and no legislation reported by authorizing committees since the requirement was enacted has been affected by it.

# The Fundamentals of the Unfunded Mandates Reform Act

## **What is the Unfunded Mandates Reform Act?**

The Unfunded Mandates Reform Act of 1995 (UMRA) seeks to discourage the federal government from imposing mandates on state, local, and tribal governments or the private sector without paying the costs of those mandates. Through a variety of mechanisms, the law increases the amount of information available to the Congress and executive branch agencies about the impact of federal mandates. It also encourages policymakers to take that information into account when developing laws and regulations.

## **When did UMRA become law?**

UMRA was enacted on March 22, 1995, as Public Law (P.L.) 104-4. Its provisions became effective on January 1, 1996.

## **Why was UMRA enacted?**

The Congress and President Clinton enacted UMRA to respond to growing concerns that the federal government, through legislation and administrative actions, was imposing enforceable duties on other levels of government and the private sector without adequately considering the nonfederal costs that would result from complying with those duties.

## **What information did CBO provide before UMRA was enacted?**

The Congressional Budget Office (CBO) has been providing estimates of the impact of federal legislation on state and local governments since 1982. The State and Local Government Cost Estimate Act of 1981 (P.L. 97-108) required CBO to estimate the costs that state and local governments would incur over five years in carrying out or complying with “any significant bill or resolution.” During the 1982-1995 period, CBO provided the Congress with more than 7,000 such estimates, mostly for bills approved by authorizing committees.

UMRA repealed the State and Local Government Cost Estimate Act and narrowed the types of intergovernmental impacts that CBO is required to identify. It also lowered the cost that triggers the need for an intergovernmental estimate from \$200 million a year to \$50 million (adjusted annually for inflation). In practice, CBO continues to provide the Congress, when feasible, with estimates of all budgetary effects on state and local governments, regardless of their cost or whether they result from mandates as defined by UMRA.

## Requirements and Responsibilities

### What are the basic requirements of UMRA?

UMRA contains four titles that address how various parts of the federal government should handle proposed and existing mandates on state, local, and tribal governments and the private sector.

- *Title I, Legislative Accountability and Reform*, requires CBO and authorizing committees in the Congress to develop and report information about the existence and costs of mandates in proposed legislation. It also establishes a mechanism to bring that information to the attention of the Congress before legislation is considered on the floor of the House or Senate.
- *Title II, Regulatory Accountability and Reform*, applies to actions of federal agencies in implementing federal law. It requires most federal agencies in the executive branch (except some independent regulatory agencies) to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. It also requires that statements about such effects accompany certain significant regulations, that agencies seek input from other levels of government when developing regulations, and that agencies consider alternatives that would ease the financial burden of regulations.
- *Title III, Review of Federal Mandates*, required the Advisory Commission on Intergovernmental Relations (ACIR) to prepare three reports: a baseline study of the costs and benefits of federal mandates to state, local, and tribal governments; a review of the impact of unfunded federal mandates on those governments, along with recommendations for easing, consolidating, or terminating mandates; and an annual report identifying federal court rulings that required state, local, or tribal governments to undertake additional responsibilities and activities.<sup>1</sup>
- *Title IV, Judicial Review*, allows for limited judicial review of certain agency actions and rules developed under title II of UMRA.

This report focuses on the provisions of title I.

### What are CBO's responsibilities under UMRA?

The law requires CBO to give any authorizing committee that reports a bill a statement about the direct costs of mandates found in the bill. If the total direct costs of all mandates in the bill are above a specific threshold in any of the first five fiscal years in which a mandate would be in effect, CBO must provide an estimate of those costs (if feasible) as well as the basis of its estimate.

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1. ACIR completed and released the report on judicial mandates in July 1995 (*Federal Court Rulings Involving State, Local, and Tribal Governments, Calendar Year 1994: A Report Prepared Under Section 304, Unfunded Mandates Reform Act of 1995*). The commission also published a preliminary report in January 1996 on the impact of federal mandates on state and local governments (*The Role of Federal Mandates in Intergovernmental Relations: A Preliminary ACIR Report for Public Review and Comment*). ACIR received its last Congressional appropriation in fiscal year 1996 and was terminated at the end of that year.

The CBO mandate statement must also include an assessment of whether the bill authorizes or otherwise provides funding to cover the costs of any new federal mandate. In the case of intergovernmental mandates, the cost statement must, under certain circumstances, estimate the appropriations needed to fund such authorizations for up to 10 years after the mandate takes effect. If CBO cannot estimate the cost of a mandate, its statement must assert that such an estimate is not feasible and explain why.

Conference committees must “to the greatest extent practicable” ensure that CBO prepares statements for conference agreements or amended bills if those measures contain mandates that were not previously considered by either House or if they impose greater direct costs than the version considered earlier. At the request of a Senator, CBO must estimate the costs of intergovernmental mandates contained in an amendment the Senator wishes to offer.

The Congress may also call on CBO to prepare analyses at other stages of the legislative process. If asked by the Chairman or Ranking Minority Member of a committee, CBO will help committees analyze the impact of proposed legislation, conduct special studies of legislative proposals, or compare a federal agency’s estimate of the costs of proposed regulations implementing a federal mandate with CBO’s estimate of those costs made when the mandate was considered by the Congress.

**What thresholds does UMRA set for CBO to provide estimates of mandate costs?**

UMRA set the cost threshold for intergovernmental mandates at \$50 million in 1996, adjusted annually for inflation. CBO estimates that for fiscal year 2000, the threshold was \$55 million. For private-sector mandates, the annual threshold was \$100 million in 1996 and \$109 million in 2000.

**What are the responsibilities of Congressional committees under UMRA?**

In general, when an authorizing committee reports a bill or joint resolution that contains a federal mandate, the report must identify and describe that mandate and include a statement from the Director of CBO on its estimated costs. If that statement cannot be published with the report, the committee is responsible for ensuring that it is published in the *Congressional Record* before the bill or resolution is considered on the floor of the House or Senate. The committee is responsible for promptly providing CBO with a copy of the bill and for identifying mandates contained in it. (In practice, CBO reviews each bill approved by a committee to identify mandates and estimate their costs.)

In addition, the report must contain a qualitative—and, if practical, a quantitative—assessment of the costs and benefits expected to result from the mandates (including the effects on health, safety, and the protection of the natural environment). The committee must also state the degree to which a federal mandate affects both the public and private sectors and the impact on the competitive balance between those sectors if federal payments are made to compensate for costs imposed on the public sector.

If the bill would impose an intergovernmental mandate, the committee report must contain a statement of how that mandate will be funded by the federal government, whether the committee intends for the mandate to be partially or fully funded, how the funding mechanism relates to the expected direct costs to the

respective levels of government, and any existing source of funds besides those already identified that would help governments meet the direct costs of the mandate.

For amended bills, joint resolutions, and conference reports, the committee of conference must ensure, to the greatest extent possible, that the Director of CBO prepares a mandate cost estimate if the amended measure contains a federal mandate not previously considered by either House or contains provisions that would increase the direct costs of a previously considered mandate.

If a bill or joint resolution would cap or reduce federal spending for a large entitlement program, the authorizing committee must specifically say how it intends for the states to implement the change and to what extent the legislation provides additional flexibility, if any, to offset states' costs.

Finally, authorizing committees are required, in their annual views and estimates reports to the budget committees, to identify issues they plan to consider that will have costs for state, local, or tribal governments or the private sector.

#### **How are the provisions of title I enforced?**

Section 425 of the Congressional Budget and Impoundment Control Act, as amended by UMRA, sets out rules for both the House and Senate that enforce the requirements of title I of UMRA. Subsection (a)(1) prohibits the consideration of a reported bill unless the committee has published a CBO statement about the costs of any mandates.<sup>2</sup>

Subsection (a)(2) prohibits the consideration of any bill, amendment, motion, or conference report that would increase the direct costs of intergovernmental mandates by more than the statutory threshold, unless the legislation provides direct spending authority or authorizes appropriations sufficient to cover the costs. If the bill authorizes the appropriation of funds to pay for an intergovernmental mandate, it must also provide a way to terminate or scale back the mandate if the appropriated funds are not large enough to cover those costs. In such cases, authorizations of appropriations would have to be specified for each year (up to 10 years) after the effective date of the mandate; in the Senate, they would also have to be consistent with the estimated costs of the mandate as determined by the Senate Budget Committee. That provision applies to bills that impose new mandates as well as ones that increase the cost of existing mandates.

Finally, although UMRA does not specifically require CBO to analyze the cost of mandates in appropriation bills, subsection (c) of section 425 of the Congressional Budget Act prohibits the consideration of legislative provisions in appropriation bills (or amendments to them) that increase the direct costs of intergovernmental mandates, unless an appropriate CBO statement is provided.

Those rules are not self-enforcing; a Member must raise a point of order to enforce them. In the House, if a Member raises a point of order against a bill, the

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2. If CBO provides a statement for intergovernmental mandates but determines that a cost estimate is not feasible, then the bill is not in order, as if no CBO statement had been provided.

full House votes on whether to consider the bill regardless of whether there is a violation. In the Senate, if a point of order is raised, the bill may not be considered unless either the Senate waives the point of order or it is overturned by the chair or the full Senate.<sup>3</sup>

**Has CBO ever prepared a mandate statement for an appropriation bill?**

As noted above, UMRA does not expressly require CBO to prepare mandate statements for appropriation bills, and CBO has never done so. In general, UMRA's points of order do not apply to the provisions of bills or resolutions reported by the appropriations committees (except legislative provisions) even if they would increase the direct costs of an intergovernmental mandate without providing funding and do not have a mandate statement.

Because in many cases it is difficult and controversial to determine what constitutes a legislative provision in an appropriation bill, CBO will prepare mandate statements for those bills only when requested. On an informal basis, however, CBO reviews all appropriation bills as they move through the legislative process and alerts the appropriations clerks to any intergovernmental mandates that it identifies.

## Definitions

**How does UMRA define “mandate”?**

The law defines a mandate as any provision in legislation, statute, or regulation that would impose an *enforceable duty* on state, local, or tribal governments or the private sector or that would reduce or eliminate the amount of funding authorized to cover the costs of existing mandates. Duties that arise as a condition of federal assistance or from participating in a voluntary federal program are not mandates.

**What is the special definition for “mandates” in large entitlement grant programs?**

Conditions attached to federal grant programs are not generally considered mandates under UMRA. In the case of some large entitlement programs, however, a new grant condition or a reduction in federal financial assistance can be a mandate if states lack the flexibility to offset the new costs or the loss of federal funding with reductions elsewhere in the program. UMRA defines large entitlement programs as a “then-existing federal program under which \$500 million or more is provided annually to state, local, or tribal governments under entitlement authority.” Today, those programs include Medicaid; Temporary Assistance for Needy Families (TANF); child nutrition programs; Food Stamps; the Social Services Block Grant; Vocational Rehabilitation State Grants; grants for foster care, adoption assistance, and independent living; family support payments for the Job Opportunities and Basic Skills program; and Child Support Enforcement. The special definition would also apply to any new entitlement programs that the Congress created that provided \$500 million or more annually to state, local, or tribal governments.

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3. For more information about points of order, see House Committee on Rules, *The Unfunded Mandate Point of Order: A Parliamentary Outreach Program Newsletter*, vol. 106, no. 11 (June 18, 1999), or the committee's Web site ([www.house.gov/rules/](http://www.house.gov/rules/)).



**Are preemptions of state and local government authority considered mandates under UMRA?**

CBO assumes that a mandate can be a positive or negative duty. Thus, if a legislative proposal expressly limits or prohibits state or local regulatory activities, CBO considers such a limitation to be an enforceable duty on those levels of government. Consequently, it considers preemptions to be mandates as defined by UMRA.<sup>4</sup>

**Are taxes considered mandates?**

When the federal government assesses a tax, it uses its sovereign power to impose an enforceable duty on those affected by the tax. As such, taxes are considered mandates.

The Congressional Budget Act requires the Joint Committee on Taxation (JCT) to produce revenue estimates for all tax legislation considered by either the House or the Senate. In addition, the JCT examines legislative provisions that affect the tax code for federal mandates and estimates their costs. Such information is incorporated into CBO's mandate statements.

**How does UMRA define "direct costs"?**

The term "direct costs" means the total estimated amount that the private sector or state, local, and tribal governments would be required to spend to comply with the mandate. Such costs are limited to spending that results directly from the enforceable duty imposed by the legislation rather than from the legislation's broad effects on the economy. The direct costs of a mandate also include any amounts that state and local governments are prohibited from raising in revenues to comply with the mandate. Under UMRA, direct costs must be measured on a net incremental basis—that is, the costs above those required to carry out applicable laws, regulations, or professional standards in effect when the federal mandate is adopted, minus any direct savings related to the mandate that result from the proposed legislation.

**What kinds of costs are not included in that definition?**

Because the term "mandate" is defined narrowly, not all of the budgetary impacts on other governments or the private sector are the result of mandates as defined by UMRA. For example, as noted earlier, any costs associated with complying with grant conditions for most new or existing programs are not considered mandate costs under UMRA. Most of the "other" costs that CBO identifies when reviewing bills deal with conditions for receiving federal aid or participating in voluntary federal programs.

Determining what constitutes a mandate under UMRA can be complicated. Although an activity (such as sponsoring an immigrant's entry into the United States) may be voluntary, the federal program affecting that activity (immigration laws) is not. In that case, a bill imposing new requirements on sponsors of immigrants would constitute a mandate under UMRA. In contrast, other federal programs that are truly voluntary in nature may impose requirements on their participants that, by UMRA's definition, are not mandates. Those distinctions between what is voluntary and what is mandatory are not always clear.

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4. For more information about federal preemptions of state and local government authority, see Congressional Budget Office, *Preemptions in Federal Legislation During the 106th Congress* (forthcoming).

Because such other costs to state, local, or tribal governments can be significant, however, CBO identifies them whenever possible.

**How does UMRA define “state, local, and tribal governments”?**

Section 421(12) of the Congressional Budget Act defines “state” to mean a state of the United States, the District of Columbia, a territory or possession of the United States, or an agency, instrumentality, or fiscal agent of a state. According to section 421(8), “local government” is defined as a unit of general local government, a school district, or other special district established under state law.

Section 421(13) defines “tribal government” as an Indian tribe, band, nation, or other organized group or community that is recognized as eligible for special programs and services provided by the United States to Indians because of their special status as Indians. The term also includes Alaska native villages and regional or village corporations as established in the Alaska Native Claims Settlement Act.

**Who is the “private sector”?**

UMRA defines the “private sector” to mean all people or entities in the United States, including individuals, partnerships, associations, corporations, and educational and nonprofit institutions, but not including state, local, and tribal governments.

**Is any legislation excluded from consideration under UMRA?**

Section 4 of the law excludes bills or provisions from consideration under UMRA if they:

- Enforce the constitutional rights of individuals;
- Establish or enforce statutory rights that prohibit discrimination;
- Require compliance with certain accounting and auditing procedures;
- Provide emergency assistance at the request of state, local, or tribal governments;
- Are necessary for national security or the ratification or implementation of international treaty obligations;
- Are emergencies as designated by the President and the Congress; or
- Relate to certain programs of the Social Security Act.

**How broadly or narrowly does CBO apply the exclusions?**

The question of how broadly to interpret those exclusions is one that CBO has grappled with many times over the past five years. According to sections 2(3)(A) and 2(4) of UMRA, two of the basic purposes of the law are to provide “for the development of information about the nature and size of mandates in proposed legislation” and “to promote informed and deliberate decisions by Congress on the appropriateness of federal mandates in any particular instance.” Applying the exclusions broadly would limit the information provided to the Congress and could defeat those purposes. For those reasons—and on the basis of discussions with Congressional staff involved in the development and passage of UMRA—

CBO applies the exclusions narrowly to ensure that lawmakers receive as much information as possible about potential mandates.<sup>5</sup>

## Proposals to Change UMRA

### Has UMRA ever been amended?

The Congress has made only one change to UMRA in the five years since the law took effect. The State Flexibility Clarification Act of 1999 (P.L. 106-141) requires authorizing committees and CBO to provide more information in committee reports and mandate statements for legislation that would “place caps upon, or otherwise decrease, the federal government’s responsibility to provide funding to state, local, or tribal governments” under various large entitlement grant programs (such as Medicaid, TANF, or Food Stamps). Under that law, if a bill or joint resolution would limit or reduce federal spending for such a program, the authorizing committee must state specifically how it intends for the states to implement the change and to what extent the legislation provides additional flexibility, if any, to offset states’ costs.

The new information that CBO must provide depends on whether the bill would provide flexibility to states. If it caps or reduces federal spending for a large entitlement grant program but does not provide additional flexibility to states to offset that reduction, CBO must describe whether and how states can offset the reduction under existing law. If the legislation would provide additional flexibility, CBO must estimate whether the resulting savings would offset the reductions included in the bill, assuming that states took full advantage of the flexibility. To date, no bills that are covered by those requirements have been reported by authorizing committees.

### What other proposals have there been to change UMRA?

UMRA imposes a point of order against a bill that contains intergovernmental mandates with costs over the specified threshold. Some Members have proposed expanding the law’s provisions to include a similar point of order for private-sector mandates. In addition, despite the enactment of the State Flexibility Clarification Act, state and local governments remain concerned that future legislation could impose new requirements or reduce federal spending for large entitlement programs, possibly leaving them to make up the difference. Their concern has resulted in efforts to amend UMRA’s definition of a mandate as it relates to such programs.

In 1998 and again in 1999, the Congress considered legislation that would address both of those issues. The Mandates Information Act (MIA) would have established new procedural hurdles for private-sector mandates, directed CBO to furnish additional types of cost information about them, and changed the definition of intergovernmental mandates in the context of large entitlement programs. Companion legislation was introduced in the Senate. The MIA passed the House in both 1998 and 1999 but was never considered on the floor of the Senate.

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5. For a more complete explanation of the national security exclusion, see Congressional Budget Office, *An Assessment of the Unfunded Mandates Reform Act in 1999* (March 2000).

# CBO's Activities Under UMRA, 1996-2000

**How many bills has CBO reviewed for mandates since UMRA was enacted?**

Between 1996 and 2000, CBO analyzed and provided mandate statements for most of the bills reported by authorizing committees, as well as for some other proposed bills and amendments. In all, CBO prepared more than 3,000 mandate statements.

**How many of those bills contained mandates and how many had costs exceeding the thresholds?**

About 12 percent (or 355) of the bills that CBO reviewed contained intergovernmental mandates (see Table 1). About 1 percent of all the bills (or 32) had mandates whose costs would exceed the annual threshold (\$50 million in 1996, adjusted annually for inflation). Those 32 bills with costs over the threshold represented 9 percent of the bills containing intergovernmental mandates. Another 1 percent (or 21) had costs that could not be determined.

CBO identified private-sector mandates in about 14 percent (or 422) of the bills and amendments that it examined in the past five years. More than 3 percent of those bills (or 100) contained mandates whose costs exceeded their threshold (\$100 million in 1996, annually adjusted for inflation). Another 1 percent (or 36) had private-sector costs that could not be determined.

The proportion of bills containing a mandate has remained relatively constant since 1996 (ranging between 10 percent and 14 percent for intergovernmental mandates and 12 percent and 19 percent for private-sector mandates). But the proportion of bills with mandates over the relevant thresholds has declined in each of the past five years. Bills with intergovernmental mandates above the threshold fell from 1.5 percent in 1996 to less than 0.5 percent in 2000, and bills with private-sector mandates over the threshold dropped from 5.6 percent in 1996 to less than 1 percent in 2000.

**How many separate mandates considered by the Congress in the past five years had costs over the thresholds?**

Multiple bills or proposals sometimes contain the same or similar mandates. Consequently, CBO's mandate statements for different bills sometimes identify the same mandate. In the past five years, the 32 bills with intergovernmental mandates above the threshold contained 17 separate mandates. The 100 bills

**Table 1.**  
**Number of CBO Mandate Statements for Bills, Proposed Amendments, and Conference Reports,**  
**by Year, 1996-2000**

	1996	1997	1998	1999	2000	Five-Year Total
<b>Intergovernmental Mandates</b>						
Total Number of Statements Transmitted	718	521	541	573	706	3,059
Number of Statements That Identified Mandates	69	64	64	81	77	355
Mandate costs would exceed threshold <sup>a</sup>	11	8	6	4	3	32
Mandate costs could not be estimated	6	7	7	0	1	21
<b>Private-Sector Mandates</b>						
Total Number of Statements Transmitted	673	498	525	556	697	2,949
Number of Statements That Identified Mandates	91	65	75	105	86	422
Mandate costs would exceed threshold <sup>a</sup>	38	18	18	20	6	100
Mandate costs could not be estimated	2	5	9	13	7	36

SOURCE: Congressional Budget Office.

NOTE: The numbers in this table represent official mandate statements transmitted to the Congress by CBO. CBO prepared more intergovernmental mandate statements than private-sector mandate statements because in some cases it was asked to review a specific bill, amendment, or conference report solely for intergovernmental mandates. In those cases, no private-sector analysis was transmitted to the requesting Member or committee. CBO also completed a number of preliminary reviews and informal estimates for other legislative proposals that are not included in this table. Mandate statements may cover more than one mandate provision, and occasionally, more than one formal CBO statement is issued for each mandate topic.

a. The thresholds, which are adjusted annually for inflation, were \$50 million for intergovernmental mandates and \$100 million for private-sector mandates in 1996. They rose to \$55 million and \$109 million, respectively, in 2000.

with private-sector mandates over the threshold contained 42 separate mandates. (See Tables 2 and 3, beginning on page 14, for more detail on those mandates.)

**How often was CBO unable  
to estimate whether the  
thresholds would be exceeded?**

For fewer than 10 percent of the mandates it identified over the past five years (21 intergovernmental mandates and 36 private-sector mandates), CBO could not determine whether their costs would exceed the statutory thresholds. The reasons varied.

- Uncertainty about whom the bill's provisions would affect sometimes made it impossible to estimate compliance costs.
- Even when CBO could identify the affected parties, it could not always obtain reliable information about those parties to use in preparing a cost estimate.
- In some cases, it was impossible to estimate the costs of a mandate at the legislative stage, before regulations to implement the mandate had been developed.

- Language in UMRA about how to treat extensions of existing mandates is ambiguous, so CBO was sometimes uncertain whether to measure the costs of extending a mandate from the current level of costs or from the level (usually zero) that would exist if the mandate was allowed to expire.
- UMRA is also unclear about how to measure the costs of mandates from which states and localities can opt out, so CBO had trouble determining whether the threshold would be exceeded in those cases. Unlike most voluntary federal programs, in which states and localities incur costs only if they choose to participate (or opt in), opt-out provisions would impose a mandate unless those governments took some other action to avoid the costs. Depending on how politically controversial the issue is, opting out may be difficult; it is unclear whether CBO should count the costs of failing to opt out against the threshold.

**How many mandates with costs above the thresholds have become law?**

Only two of the 17 intergovernmental mandates that CBO identified with costs over the threshold have been enacted into law since 1996:

- The Minimum Wage Increase Act, enacted in 1996 as P.L. 104-188, raised the minimum wage to \$5.15 in two 90 cent increments. CBO determined that the law would impose an intergovernmental mandate with costs exceeding the threshold because it would require all employers—including state, local, and tribal governments—to pay higher minimum wages than they would have to otherwise. CBO estimated that over five years, that mandate would cost those governments a total of more than \$1 billion.
- The Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) contained a provision limiting the federal government's responsibility to provide funding to the states for the administrative costs of the Food Stamp program. UMRA defines cuts in federal funding for entitlement grant programs such as Food Stamps as mandates if the governments that participate in the program cannot change their financial or programmatic responsibilities to offset those cuts. Because states have limited authority to alter their responsibilities under the Food Stamp program, CBO determined that the funding cuts in that law constituted a mandate, with costs estimated to total between \$200 million and \$300 million a year.

Sixteen (or 38 percent) of the 42 private-sector mandates that CBO identified as costing more than the statutory threshold became law.

- Seven of those 16 mandates were enacted in the 104th Congress. They included a tax measure in the welfare reform bill; two health insurance changes (requirements for insurance portability and minimum maternity stays); and four economic or social policy measures (immigration reform, an increase in the minimum wage, welfare reform, and telecommunications reform). See Table 3 on page 16 for more details about those mandates.

- Another seven private-sector mandates with costs over the threshold were enacted by the 105th Congress. Five of them involved taxes: a reinstatement of the airline ticket tax, a reinstatement of excise taxes related to federal surface transportation programs, revenue provisions in budget reconciliation bills, and revenue provisions in both the Taxpayer Relief Act of 1998 and the Internal Revenue Service Restructuring and Reform Act of 1998 (used to offset reductions in revenues elsewhere in those acts). The other two mandates—an increase in federal workers' required contributions to retirement programs and new Medicare requirements for private health insurers—were contained in budget reconciliation bills.
- In the 106th Congress, only two mandates reviewed by CBO with estimated costs above the threshold were enacted. One was the revenue-raising provisions in the Taxpayer Relief and Tax Extenders Act, and the other changed the method by which minimum prices for milk are set in various regions of the country (enacted in the Fiscal Year 2000 Consolidated Appropriations Act, P.L. 106-113).

**How many significant mandates were amended before enactment to bring their costs below the thresholds?**

Four intergovernmental and five private-sector mandates that CBO identified as costing more than the thresholds when they were approved by authorizing committees were amended before enactment to reduce their costs below the threshold. In many of those cases, it was clear that information provided by CBO played a role in the Congress's decision to lower costs.

For example, beginning in 1997, CBO reviewed a number of bills, all called the Internet Tax Freedom Act, that dealt with taxes related to the Internet. The bills would have prohibited the collection of some state and local taxes for a specific period, and CBO determined that all of them would have imposed an intergovernmental mandate as defined by UMRA. Because the different versions of the tax moratorium varied in terms of scope and approach, CBO's estimates of the revenue losses to states and localities also varied.

For one early version of the proposal (H.R. 1054, as approved by the Subcommittee on Telecommunications, Trade, and Consumer Protection of the House Committee on Commerce on October 9, 1997), CBO estimated that the direct costs of the bill's mandate would have exceeded the threshold for intergovernmental mandates. H.R. 1054 would have prohibited certain taxes that states and localities were levying on Internet-related communications, transactions, and services. It was clear that at least one significant source of state revenues—taxes on Internet access services and on-line services—would have been affected, and several others might have been affected. For that reason, CBO estimated that the prohibition would have caused revenue losses exceeding the statutory threshold at some point during its first five years.

The version of the Internet Tax Freedom Act that was finally enacted (on October 19, 1998, as part of the Omnibus Appropriation Act, P.L. 105-277) was narrower in scope and allowed states that were currently collecting a sales tax on Internet access to continue doing so. Thus, CBO estimated that the law would not cause revenue losses exceeding the threshold.

In the private-sector arena, the House version of the 1996 farm bill contained provisions that would have required milk sold for fluid uses to contain greater amounts of nonfat solids than required under law at that time and would have locked in higher fluid-milk prices under the Milk Marketing Order System. CBO found the costs of such restrictions to be well over the annual threshold for private-sector mandates. The final version of the farm bill (the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127) was amended to remove the provisions imposing the higher fluid-milk standards.

In another private-sector case, the financial services reform bill (as reported by the House Banking Committee in 1998) contained a mandate that would have restricted the investment activities of Federal Home Loan Banks. CBO estimated that the restriction would have cost those institutions more than \$100 million annually by its third year. The provisions restricting such investments were taken out of the bill in all later versions considered by the Congress, including the one eventually enacted in the Gramm-Leach-Bliley Act of 1999 (P.L. 106-102).

Tables 2 and 3 provide additional information about the mandates considered during the 1996-2000 period that were amended before enactment to bring their costs below the thresholds.

**What about bills with “other” costs that are not the result of intergovernmental mandates?**

Roughly 10 percent of the bills that CBO reviewed in the past five years contained provisions that would have produced additional costs for state, local, or tribal governments that were not the result of mandates as defined by UMRA. In CBO's estimation, the majority of the bills—primarily those dealing with conditions for receiving federal aid or participating in a voluntary federal program—would not have had a significant net effect on the budgets of those governments. When such an effect is expected to be significant, CBO provides information about it in the cost estimate accompanying the bill.



**Table 2.**  
**Status of Intergovernmental Mandates That Exceed the Statutory Thresholds, 1996-2000**

Topic	Mandate	Was a Version Enacted into Law?	Did the Enacted Version Exceed the Threshold? <sup>a</sup>
<b>104th Congress, Second Session (1996)</b>			
Health Insurance Reform	Requires mental health parity in insurance plans	Yes	No <sup>b</sup>
Immigration Reform	Requires Social Security numbers on driver's licenses	Yes	No <sup>c</sup>
Minimum Wage	Increases the minimum wage paid by employers covered under the Fair Labor Standards Act	Yes	Yes (P.L. 104-188)
Occupational Safety and Health	Applies OSHA requirements to state and local workplaces	No	n.a.
Securities Regulatory Reform	Preempts state securities fees	Yes	No <sup>d</sup>
<b>105th Congress (1997-1998)</b>			
Agricultural Research	Caps federal contribution for Food Stamp administration	Yes	Yes (P.L. 105-185)
Airport Runway Safety	Requires upgrades to runway safety equipment	No	n.a.
Internet Gambling	Prohibits gambling over the Internet, including some forms of state lotteries	No	n.a.
Internet Tax Freedom	Prohibits certain Internet-related taxes	Yes	No <sup>e</sup>
Minimum Wage	Increases the minimum wage paid by employers covered under the Fair Labor Standards Act	No	n.a.
National Tobacco Policy	Imposes requirement on states regarding tobacco settlements	No	n.a.
Nuclear Waste Policy	Accelerates payment of fees owed by the state of New York	No	n.a.
<b>106th Congress (1999-2000)</b>			
Health Information Confidentiality	Preempts health privacy laws and imposes new requirements on entities handling patients' health records	No	n.a.
Internet Gambling	Prohibits gambling over the Internet, including certain tribal casino games	No	n.a.
Internet Tax Moratorium	Extends and expands prohibitions on certain Internet-related taxes	No	n.a.

(Continued)

**Table 2.  
Continued**

Topic	Mandate	Was a Version Enacted into Law?	Did the Enacted Version Exceed the Threshold? <sup>a</sup>
<b>106th Congress (1999-2000), Continued</b>			
Minimum Wage	Increases the minimum wage paid by employers covered under the Fair Labor Standards Act	No	n.a.
Social Security Protections	Restricts the use of Social Security numbers	No	n.a.

SOURCE: Congressional Budget Office.

NOTES: Mandates in this table are those identified by the Congressional Budget Office when a bill was reported by an authorizing or conference committee or when CBO was asked to do a formal review. Because more than one bill can contain the same mandate, the 32 bills with intergovernmental mandates above the threshold contained 17 separate mandates.

P.L. = public law; OSHA = Occupational Safety and Health Administration; n.a. = not applicable.

- a. The thresholds, which are adjusted annually for inflation, were \$50 million for intergovernmental mandates and \$100 million for private-sector mandates in 1996. They rose to \$55 million and \$109 million, respectively, in 2000.
- b. The original version required parity for all aspects of mental health care coverage, including limits on lifetime and annual expenditures, copayments, deductibles, and restrictions on the number of visits to health care providers. The enacted version delayed implementation until January 1, 1998, and required parity only for lifetime and annual expenditures.
- c. The original version required driver's licenses to include Social Security numbers by October 1, 1997, and would have resulted in a large influx of people seeking early renewals. The enacted version allows states to implement the new requirements over an extended period of time, thereby eliminating the influx of renewals and significantly reducing the costs.
- d. The original version preempted state requirements for registering securities, including the collection of certain fees. The enacted version limited the scope of that preemption, allowing states to continue to collect certain fees for three years or until they change their securities laws.
- e. Early versions prohibited sales taxes on Internet access services. The enacted version allowed states that were currently collecting a sales tax on Internet access to continue doing so.

**Table 3.**  
**Status of Private-Sector Mandates That Exceed the Statutory Thresholds, 1996-2000**

Topic	Mandate	Was a Version Enacted into Law?	Did the Enacted Version Exceed the Threshold? <sup>a</sup>
<b>104th Congress, Second Session (1996)</b>			
Farm Bill	Imposes fees and other requirements on dairy farmers	Yes	No <sup>b</sup>
Health Insurance Reform (Maternity stay)	Requires certain health plans to provide for minimum-length maternity stays	Yes	Yes (P.L. 104-204)
Health Insurance Reform (Portability)	Requires health insurers to improve portability and continuity of health insurance coverage	Yes	Yes (P.L. 104-191)
Immigration Reform	Imposes requirements on sponsors of immigrants	Yes	Yes (P.L. 104-208)
Minimum Wage	Increases the minimum wage paid by employers covered under the Fair Labor Standards Act	Yes	Yes (P.L. 104-188)
Nuclear Waste Policy	Accelerates the payment of certain fees by private nuclear utilities	No	n.a.
Small Business Job Protection	Imposes miscellaneous tax provisions	Yes	Yes (P.L. 104-188)
Sports Franchises	Imposes requirements on franchise owners and leagues	No	n.a.
Telecommunications Reform	Requires carriers to provide interconnection and universal service and to block certain programs	Yes	Yes (P.L. 104-104)
Welfare Reform	Revises provisions for the earned income tax credit and imposes requirements on sponsors of immigrants	Yes	Yes (P.L. 104-193)
<b>105th Congress (1997-1998)</b>			
Airport and Airway Trust Fund	Reinstates airline ticket tax	Yes	Yes (P.L. 105-2)
Bankruptcy Reform	Changes procedures for administering bankruptcy estates	No	n.a.
Biomedical Research	Prohibits manufacture of certain drugs	No	n.a.
Budget Reconciliation (Medicare)	Imposes requirements on private health insurance providers	Yes	Yes (P.L. 105-33)
Budget Reconciliation (Federal employee retirement)	Increases required contributions for retirement	Yes	Yes (P.L. 105-33)
Budget Reconciliation (Revenue)	Establishes several revenue-raising provisions	Yes	Yes (P.L. 105-34)

(Continued)

**Table 3.  
Continued**

Topic	Mandate	Was a Version Enacted into Law?	Did the Enacted Version Exceed the Threshold? <sup>a</sup>
<b>105th Congress (1997-1998), Continued</b>			
Campaign Finance Reform	Changes procedures for collection and use of campaign contributions	No	n.a.
Caribbean Trade	Changes deduction for accrued severance pay (tax provision)	No	n.a.
China's Normal Trade Relations	Increases tariff rates on importers of Chinese goods	No	n.a.
Encryption	Establishes controls on decryption technology	No	n.a.
Financial Services Reform	Restricts investment activities of Federal Home Loan Banks	Yes <sup>c</sup>	No
Internal Revenue Service Restructuring and Reform	Changes deduction for accrued vacation pay and several other revenue-raising provisions	Yes	Yes (P.L. 105-206)
Internet Gambling	Prohibits gambling over the Internet and other interactive computer systems	No	n.a.
Minimum Wage	Increases minimum wage paid by employers covered under the Fair Labor Standards Act	No	n.a.
National Tobacco Policy	Sets fees and other requirements on tobacco manufacturers, distributors, retailers, and importers	No	n.a.
Nuclear Waste Policy	Accelerates the payment of certain fees	No	n.a.
Patient Protection/ Patients' Bill of Rights	Imposes new requirements on managed health care and other forms of health insurance	One <sup>d</sup> provision	No
Reauthorization of Federal Surface Transportation Programs	Establishes excise tax provisions	Yes	Yes (P.L. 105-178)
Taxpayer Relief	Establishes revenue-raising provisions	One <sup>e</sup> provision	Yes (P.L. 105-277)
<b>106th Congress (1999-2000)</b>			
Bankruptcy Reform	Changes procedures for administering bankruptcy estates	No <sup>f</sup>	n.a.
Caribbean Trade	Limits prefunding of certain employee benefits	No	n.a.
China's Normal Trade Relations	Increases tariff rates on importers of Chinese goods	No	n.a.

(Continued)

**Table 3.  
Continued**

Topic	Mandate	Was a Version Enacted into Law?	Did the Enacted Version Exceed the Threshold? <sup>a</sup>
<b>106th Congress (1999-2000), Continued</b>			
Health Information Confidentiality	Imposes new requirements on the use and disclosure of personal health information	No	n.a.
Milk Price Structure	Changes the method by which minimum prices are established for fluid milk in different regions of the country	Yes	Yes (P.L. 106-113)
Minimum Wage	Increases the minimum wage paid by employers covered under the Fair Labor Standards Act	No	n.a.
Patients' Bill of Rights	Imposes new requirements on group- and employer-sponsored health plans and on health insurance issuers	No	n.a.
Relief for Technology Workers	Imposes minimum wage and additional requirements on employers of H-1B workers	Yes <sup>g</sup>	No
Small Business Mergers	Raises the threshold and fees for firms that file for mergers	No	n.a.
Social Security Privacy	Prohibits certain commercial uses of Social Security numbers	No	n.a.
Steel Imports	Limits the volume of imported steel products	No	n.a.
Taxpayer Relief and Tax Extenders	Changes or imposes taxes to raise revenues to offset costs imposed by other provisions in a bill	Yes <sup>h</sup>	Yes (P.L. 106-170)
Work Incentives Improvement	Changes or imposes taxes to raise revenues to offset costs imposed by other provisions in a bill	Yes <sup>i</sup>	No

SOURCE: Congressional Budget Office.

NOTES: Mandates in this table are those identified by the Congressional Budget Office when a bill was reported by an authorizing or conference committee or when CBO was asked to do a formal review. Because more than one bill can contain the same mandate, the 100 bills with private-sector mandates above the threshold contained 42 separate mandates. In some cases, more than one formal CBO statement was issued for each mandate topic.

P.L. = public law; n.a. = not applicable; H-1B workers are skilled foreigners admitted temporarily to the United States to work for U.S. employers.

- The thresholds, which are adjusted annually for inflation, were \$50 million for intergovernmental mandates and \$100 million for private-sector mandates in 1996. They rose to \$55 million and \$109 million, respectively, in 2000.
- The mandate would have required milk sold for fluid uses to contain greater amounts of nonfat solids than are now required. Such a mandate would have locked in higher fluid-milk prices, imposing costs on dairy processors and manufacturers. The enacted version of the farm bill did not contain the higher fluid-milk standards.
- Several provisions of the financial services legislation that passed were enacted in the Gramm-Leach-Bliley Act of 1999. The mandate on Federal Home Loan Banks was not enacted.

(Continued)

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**Table 3.**  
**Continued**

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- d. The Omnibus Consolidated and Emergency Supplemental Appropriations Act (P.L. 105-277) contains a provision requiring some health plans to pay for reconstructive surgery following mastectomies.
  - e. The Omnibus Consolidated and Emergency Supplemental Appropriations Act (P.L. 105-277) contains a provision that changes the tax treatment of distributions from regulated investment companies and real estate investment trusts.
  - f. The Congress passed H.R. 2415, the Bankruptcy Reform Act of 2000, in December 2000. The President withheld his approval of the act, the Congress adjourned sine die, and the bill was "pocket" vetoed.
  - g. Separate legislation to increase a fee paid by employers who petition for the employment of H-1B workers from \$500 to \$1,000 (P.L. 106-311) was enacted in 2000. The requirement to pay H-1B workers a minimum wage did not pass.
  - h. Ten tax provisions that were mandates in other bills passed in the Ticket to Work and Work Incentives Improvement Act of 1999. The three largest of those mandates repeal the installment method for most taxpayers using the accrual basis, change the treatment of income and services provided by taxable subsidiaries of real estate investment trusts, and prevent the conversion of ordinary income or short-term capital gains into income eligible for long-term capital gains tax rates.
  - i. Portions of the bill passed in the Ticket to Work and Work Incentives Improvement Act of 1999 but not the tax mandates.
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## An Assessment of UMRA in 2000

This appendix summarizes the Congressional Budget Office's activities under title I of the Unfunded Mandates Reform Act during 2000—its fifth year of providing information about federal mandates to the Congress. The information updates CBO's four previous annual reports on UMRA.<sup>1</sup>

In all, CBO reviewed more than 700 bills and other legislative proposals in 2000 to determine whether they included federal mandates (see Table A-1). About 11 percent of those bills (or 77) had intergovernmental mandates, and less than 0.5 percent (three bills) had such mandates with costs that would exceed the threshold (\$55 million a year in 2000 dollars). CBO also found private-sector mandates in about 12 percent of the bills and amendments that it examined; almost 1 percent (six bills) had costs over the \$109 million annual threshold (in 2000 dollars) for such mandates. (Tables A-2 and A-3 list all of the bills examined by CBO in 2000 that contained mandates.)

No intergovernmental mandates, and only two private-sector mandates, with costs above the threshold were enacted into law in 2000. One of the private-sector mandates comprised the revenue-raising provisions in the Taxpayer Relief and Tax Extenders Act

(P.L. 106-170). That law adjusts certain taxes to raise revenues in order to offset costs imposed by other provisions of the law. The second mandate alters the method by which minimum prices are set for fluid milk in various regions of the country. It was enacted in the Fiscal Year 2000 Consolidated Appropriations Act (P.L. 106-113).

In addition, CBO identified about 75 bills last year containing provisions that would have resulted in other costs to state, local, or tribal governments—costs that were not the result of mandates as defined by UMRA. As in previous years, most of those provisions dealt with conditions for receiving federal aid or participating in a voluntary federal program. In such cases, state, local, and tribal governments are subject to the conditions imposed by the federal government only if they choose to participate in the program or accept federal funds.

Bills with some of the most significant of those other costs involved the Medicaid program. For example, CBO reviewed a provision in H.R. 4577, the Medicare Outpatient Drug Act of 2000, that would establish a voluntary outpatient prescription drug benefit for Medicare beneficiaries (some of whose benefits are paid by Medicaid) beginning in 2003. CBO estimated that because states share the costs of Medicaid, state spending for that program would increase by about \$1 billion over a five-year period. Such costs would result from additional administrative expenses, higher drug costs, and, in particular, higher enrollment rates among low-income beneficiaries.

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1. Congressional Budget Office, *An Assessment of the Unfunded Mandates Reform Act in 1999* (March 2000), *An Assessment of the Unfunded Mandates Reform Act in 1998* (February 1999), *An Assessment of the Unfunded Mandates Reform Act in 1997* (February 1998), and *The Experience of the Congressional Budget Office During the First Year of the Unfunded Mandates Reform Act* (January 1997).

**Table A-1.****Number of CBO Mandate Statements for Bills, Proposed Amendments, and Conference Reports in 2000**

	Intergovernmental Mandates	Private-Sector Mandates
Total Number of Statements Transmitted	706	697
Number of Statements That Identified Mandates	77	86
Mandate costs would exceed threshold <sup>a</sup>	3	6
Mandate costs could not be estimated	1	7

SOURCE: Congressional Budget Office.

NOTE: The numbers in this table represent official mandate statements transmitted to the Congress by CBO. CBO prepared more intergovernmental mandate statements than private-sector mandate statements because in some cases it was asked to review a specific bill, amendment, or conference report solely for intergovernmental mandates. In those cases, no private-sector analysis was transmitted to the requesting Member or committee. CBO also completed a number of preliminary reviews and informal estimates for other legislative proposals that are not included in this table. Mandate statements may cover more than one mandate provision, and occasionally, more than one formal CBO statement is issued for each mandate topic.

a. The thresholds, which are adjusted annually for inflation, were \$55 million for intergovernmental mandates and \$109 million for private-sector mandates in 2000.

Of the 410 public laws enacted in 2000, about 7 percent (30 laws) contained an intergovernmental mandate as UMRA defines it (see Table A-4). By CBO's estimate, none of those mandates will impose annual costs on state, local, or tribal governments that exceed

the thresholds. Ten of the laws enacted in 2000 contained intergovernmental mandates that CBO had not reviewed at some point during the legislative process. In none of those cases, however, does CBO estimate that the costs of the mandates will be significant.



**Table A-2.**  
**Bills Reviewed by the Congressional Budget Office in 2000 That Contained Intergovernmental Mandates**

Bill Number (Committee)	Name	Mandate
<b>Intergovernmental Mandates with Costs Exceeding the Statutory Threshold</b>		
Proposal	Minimum wage proposal	Requires public employers to pay higher minimum wage rates
H.R. 3709	Internet Nondiscrimination Act of 2000	Extends and expands moratorium on taxing Internet access
H.R. 4857	Social Security Number Privacy and Identity Theft Prevention Act of 2000	Prohibits use, display, and sale of Social Security numbers
<b>Intergovernmental Mandates with Costs Below the Statutory Threshold</b>		
Proposal	Military-Retiree Access to Comprehensive Healthcare Act	Requires medigap coverage for military retirees
H.R. 940 (Senate)	Lackawanna Valley National Heritage Area Act of 2000	Requires a public authority to complete a plan and implement a program
H.R. 1124	Fort Peck Reservation Rural Water System Act of 2000	Requires a tribal government to complete a conservation plan
H.R. 1293	A bill to amend title 46, United States Code, to provide equitable treatment with respect to state and local income taxes for certain individuals who perform duties on vessels	Prohibits taxing certain income from vessel workers
H.R. 1304 (As introduced)	Quality Health Care Coalition Act	Preempts state antitrust laws governing collective bargaining by health professionals
H.R. 1304 (Judiciary)	Quality Health Care Coalition Act	Preempts state antitrust laws governing collective bargaining by health professionals
H.R. 1689	A bill to prohibit states from imposing restrictions on the operation of motor vehicles providing limousine service between a place in a state and a place in another state, and for other purposes	Prohibits state and local governments from restricting some interstate limousine services
H.R. 1776	American Homeownership and Economic Opportunity Act of 2000	Preempts state authorities from setting standards for manufactured housing
H.R. 1954	Rental Fairness Act of 1999	Preempts some state liability laws
H.R. 2130	Hillory J. Farias and Samantha Reid Date-Rape Drug Prohibition Act of 1999	Restricts the use of certain controlled substances by public hospitals
H.R. 2166	Bear Protection Act of 1999	Prohibits state and local governments from trading in bear parts
H.R. 2260	Pain Relief Promotion Act of 2000	Preempts Oregon law on assisted suicide

(Continued)

**Table A-2.**  
**Continued**

Bill Number (Committee)	Name	Mandate
<b>Intergovernmental Mandates with Costs Below the Statutory Threshold (Continued)</b>		
H.R. 2366	Small Business Liability Reform Act of 2000	Preempts some state liability laws
H.R. 2592	A bill to amend the Consumer Products Safety Act to provide that low-speed electric bicycles are consumer products subject to such act	Preempts state laws regulating electric bikes that are more stringent than federal laws
H.R. 2764	America's Private Investment Companies Act	Preempts state bankruptcy laws
H.R. 2848	New Markets Initiative Act of 1999	Preempts state bankruptcy laws regarding ownership of certain debentures
H.R. 2987	Methamphetamine and Club Drug Anti-Proliferation Act of 2000	Preempts a state's ability to preclude the distribution of certain drugs for detoxification treatment
H.R. 3011	Truth in Telephone Billing Act of 1999	Requires public telecommunications carriers to include information about assessments on their bills
H.R. 3100	Know Your Caller Act of 2000	Preempts certain provisions of state telemarketing laws
H.R. 3113	Unsolicited Commercial Electronic Mail Act of 2000	Preempts some state and local laws regarding "spam" e-mails and certain state liability laws
H.R. 3125	Internet Gambling Prohibition Act of 2000	Preempts state liability laws and prohibits some state lottery activities
H.R. 3244	Trafficking Victims Protection Act of 2000	Preempts state forfeiture laws in cases involving victims of trafficking
H.R. 3439	Radio Broadcasting Preservation Act of 2000	Invalidates some low-power FM radio licenses
H.R. 3485	Justice for Victims of Terrorism Act	Preempts state limits on certain damage awards
H.R. 3575	Student Athlete Protection Act	Prohibits states from allowing wagering on amateur sports
H.R. 3886	International Counter-Money Laundering and Foreign Anticorruption Act of 2000	Imposes new requirements on state and local agencies regarding reporting and disclosure of certain financial information
H.R. 3995 (Government Reform)	District of Columbia Receivership Accountability Act of 2000	Requires court-administered departments in the District of Columbia to adopt certain management practices

(Continued)

**Table A-2.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Intergovernmental Mandates with Costs Below the Statutory Threshold (Continued)</b>		
H.R. 3995 (Senate Govern- mental Affairs)	District of Columbia Receivership Accountability Act of 2000	Requires court-appointed receivers in the District of Columbia to adopt certain management practices
H.R. 4030	Enhancement of Military Benefits Act	Requires insurers to issue medigap coverage to some Medicare enrollees
H.R. 4040	Long-Term Care Security Act	Preempts state insurance laws when the federal government contracts for health care
H.R. 4049	Privacy Commission Act	Requires state and local governments to comply with subpoenas
H.R. 4163	Taxpayer Bill of Rights 2000	Requires state contractors to comply with confidentiality safeguards
H.R. 4205 (Armed Services)	National Defense Authorization Act for Fiscal Year 2001	Preempts state laws governing wills, requires recipients of equipment to demilitarize it, and requires insurers to issue medigap coverage in certain cases
H.R. 4205 (Armed Services)	Amendment to H.R. 4205, the National Defense Authorization Act for Fiscal Year 2001	Requires insurers to issue medigap coverage to some Medicare enrollees
H.R. 4205	National Defense Authorization Act for Fiscal Year 2001 (Comparison of two proposals)	Requires insurers to issue medigap coverage to some Medicare enrollees
H.R. 4227	Technology Worker Temporary Relief Act	Imposes new requirements and fees on certain state and local agencies that employ workers holding H-1B visas
H.R. 4387	A bill to provide that the School Governance Charter Amendment Act of 2000 shall take effect upon the date such act is ratified by the voters of the District of Columbia	Preempts the Charter of the District of Columbia to allow an amendment to take effect immediately
H.R. 4391	Mobile Telecommunications Sourcing Act	Preempts state and local authority to decide what jurisdiction can tax mobile telecommunications services
H.R. 4504	Higher Education Technical Amendments of 2000	Preempts state laws governing secured transactions
H.R. 4530	New Markets Venture Capital Program Act of 2000	Preempts state law regarding ownership of certain debentures
H.R. 4541 (Agriculture)	Commodity Futures Modernization Act of 2000	Preempts state commodities laws

(Continued)

**Table A-2.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Intergovernmental Mandates with Costs Below the Statutory Threshold (Continued)</b>		
H.R. 4541 (Banking and Finance)	Commodity Futures Modernization Act of 2000	Preempts state laws affecting certain bankruptcy proceedings
H.R. 4541 (Commerce)	Commodity Futures Modernization Act of 2000	Preempts state privacy and commodities laws
H.R. 4807	Ryan White CARE Act Amendments of 2000	Requires states to implement recommendations by the Institute of Medicine for increasing routine testing of pregnant women and newborns for HIV
H.R. 5018	Electronic Communications Privacy Act of 2000	Requires courts and law enforcement agencies to monitor certain electronic communications
S. 613	Indian Tribal Economic Development and Contract Encouragement Act of 1999	Requires tribes to submit some contracts for federal approval
S. 624	Fort Peck Reservation Rural Water System Act of 2000	Requires a tribal government to complete a conservation plan
S. 876	Children's Protection from Violent Programming Act	Prohibits the broadcasting of certain violent programming on public television stations
S. 893	A bill to amend title 46, United States Code, to provide equitable treatment with respect to state and local income taxes for certain individuals who perform duties on vessels	Prohibits taxing certain income from vessel workers
S. 1109	Bear Protection Act of 1999	Prohibits state and local governments from trading in bear parts
S. 1155	National Uniformity for Food Act of 2000	Preempts state labeling laws
S. 1452	Manufactured Housing Improvement Act	Preempts state authority to set standards for manufactured housing
S. 1536	Older Americans Act Amendments of 2000	Requires states to provide certain legal assistance for the elderly
S. 1594 (Small Business)	Community Development and Venture Capital Act of 2000	Preempts state laws limiting some ownership rights
S. 1594 (Small Business)	Amendments to S. 1594, Community Development and Venture Capital Act of 2000	Preempts state laws limiting some ownership rights
S. 1694	Hawaii Water Resources Reclamation Act of 2000	Requires state of Hawaii to share the cost of a study

(Continued)

**Table A-2.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Intergovernmental Mandates with Costs Below the Statutory Threshold (Continued)</b>		
S. 1755	Small Business Reauthorization Act of 2000	Preempts state and local authority to decide what jurisdiction can tax mobile telecommunications services
S. 1929	Native Hawaiian Health Care Improvement Act Reauthorization of 1999	Requires state of Hawaii to consult with Native Hawaiian health organizations when making policy or initiating new programs
S. 2029	Know Your Caller Act of 2000	Preempts certain provisions of state telemarketing laws
S. 2045	American Competitiveness in the Twenty-First Century Act of 2000	Requires employers to pay a \$500 fee to hire workers holding H1-B visas
S. 2071	Electric Reliability 2000 Act	Imposes requirements on public utilities
S. 2087	Military Health Care Improvements Act of 2000	Requires insurers to issue medigap coverage to some Medicare enrollees
S. 2107	Competitive Market Supervision Act	Preempts state securities laws; imposes new filing and fee requirements
S. 2340	Amateur Sports Integrity Act	Prohibits states from allowing wagering on amateur sports
S. 2382	Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000	Prohibits public entities from transacting certain business with Serbia and the government of Yugoslavia
S. 2420	Long-Term Care Security Act and Federal Erroneous Retirement Coverage Corrections Act	Preempts some state and local laws that govern long-term care coverage and benefits; requires the District of Columbia to correct certain errors associated with the enrollment of employees in federal retirement plans
S. 2438	Pipeline Safety Improvement Act of 2000	Imposes new requirements and fees on publicly owned natural gas pipelines
S. 2440	Airport Security Improvement Act of 2000	Requires airport owners and operators to improve security
S. 2549	National Defense Authorization Act for Fiscal Year 2001	Requires insurers to issue medigap coverage in certain cases, preempts state law governing wills, requires schools to provide access to military recruiters, and expands existing mandate governing access to criminal justice information

(Continued)

**Table A-2.**  
**Continued**

Bill Number (Committee)	Name	Mandate
<b>Intergovernmental Mandates with Costs Below the Statutory Threshold (Continued)</b>		
S. 2686	A bill to amend chapter 36 of title 39, United States Code, to modify rates relating to reduced rate mail matter, and for other purposes	Requires public entities to pay higher postage rates for some mail
S. 2697	Commodity Futures Modernization Act of 2000	Preempts certain state commodity laws
S. 2920	Indian Gaming Regulatory Improvement Act of 2000	Requires tribal governments to conduct background checks of some tribal employees
S. 3121	Small Business Reauthorization Act of 2000	Preempts state laws governing statutes of limitation
<b>Intergovernmental Mandates with Costs That Could Not Be Estimated</b>		
H.R. 4680	Medicare Rx 2000 Act	Preempts certain state regulations and taxes on premiums

SOURCE: Congressional Budget Office.

NOTE: The threshold for intergovernmental mandates, which is adjusted annually for inflation, was \$55 million in 2000.

**Table A-3.**  
**Bills Reviewed by the Congressional Budget Office in 2000 That Contained Private-Sector Mandates**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Exceeding the Statutory Threshold</b>		
Proposal (House Budget)	Minimum wage proposal letter to Chairman Kasich	Requires private and public employers to pay higher minimum wage rates than they do under current law
H.J. Res. 103	Joint resolution disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to the People's Republic of China	Increases tariff rates for importers of goods from the People's Republic of China
H.R. 984	Caribbean and Central America Relief and Economic Stabilization Act	Amends the Internal Revenue Code to limit prefunding of certain employee benefits
H.R. 4194	Small Business Merger Filing and Fee Elimination Act of 2000	Increases fees for some businesses that wish to merge with or acquire another business
H.R. 4227	Technology Worker Temporary Relief Act	Requires employers of H-1B visa holders to pay new fees and observe minimum salary conditions for those workers
H.R. 4857	Social Security Number Privacy and Identity Theft Prevention Act of 2000	Prohibits the buying or selling of Social Security numbers and prohibits firms from refusing to do business with someone who does not provide a Social Security number
<b>Private-Sector Mandates with Costs Below the Statutory Threshold</b>		
Proposal	Military-Retiree Access to Comprehensive Healthcare Act (MATCH Act)	Requires medigap coverage for military retirees
H.R. 534	Motor Vehicle Franchise Contract Arbitration Fairness Act of 2000	Prohibits certain arbitration conditions in contracts between car manufacturers and car dealers
H.R. 940 (Senate)	Lackawanna Valley National Heritage Area Act of 2000	Requires the Schuylkill River Greenway Association to develop management plans for the heritage areas
H.R. 1064	Serbia Democratization Act of 2000	Prohibits certain transactions with people or entities associated with Serbia and the government of Yugoslavia
H.R. 1102 (Senate)	Retirement Security and Savings Act of 2000	Prohibits allocations of stock in an employee stock ownership plan of a subchapter S corporation
H.R. 1161	Financial Contract Netting Improvement Act of 2000	Requires insured depository institutions to keep more detailed records for certain financial contracts under banking and bankruptcy insolvency laws

(Continued)

**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Below the Statutory Threshold (Continued)</b>		
H.R. 1283	Asbestos Compensation Act of 2000	Requires individuals filing new claims for compensation for injuries caused by exposure to asbestos, all attorneys representing those individuals, and businesses named as defendants by such individuals to participate in a new process
H.R. 1349	Federal Prisoner Health Care Copayment Act of 2000	Requires federal prisoners to make copayments for some health care visits
H.R. 1651 (Senate)	Fisherman's Protective Act Amendments of 1999	Prohibits operators of certain vessels that hold federal boat permits from using aircraft to locate, catch, retain, or possess Atlantic bluefin tuna
H.R. 2166	Bear Protection Act of 1999	Prohibits the importation, exportation, and interstate trade of bear parts
H.R. 2260 (Senate)	Pain Relief Promotion Act of 2000	Prohibits physicians registered to prescribe or administer federally controlled substances from using such substances in physician-assisted suicides
H.R. 2833	Yuma Crossing National Heritage Area Act of 2000	Requires the Yuma Crossing National Heritage Area Board of Directors to develop a management plan for the heritage area and conduct public meetings
H.R. 2987	Methamphetamine and Club Drug Anti-Proliferation Act of 2000	Prohibits the selling or transportation of certain items intended or designed for use in the manufacture of methamphetamines (such as speed) or for the introduction of such drugs into the human body
H.R. 3011	Truth in Telephone Billing Act of 1999	Requires telecommunications carriers to include certain information about government assessments on consumers' telephone bills; prohibits telecommunication carriers from collecting excess charges as government assessments
H.R. 3100	Know Your Caller Act of 2000	Requires commercial telephone solicitors to transmit specific information about the caller; prohibits such solicitors from using a person's name and telephone number for marketing purposes when requested
H.R. 3113	Unsolicited Commercial Electronic Mail Act of 2000	Requires all unsolicited commercial electronic mail to be identified as such, to explain how the consumer could stop receiving such e-mail, and to contain accurate information about the senders and how to contact them

(Continued)



**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Below the Statutory Threshold (Continued)</b>		
H.R. 3125	Internet Gambling Prohibition Act of 2000	Prohibits certain gambling conducted over the Internet or an interactive computer service
H.R. 3171	National Health Museum Site Selection Act	Requires a nonprofit corporation to make annual reports to the GSA and the Congress
H.R. 3244 (Judiciary)	Trafficking Victims Protection Act of 2000	Prohibits some transactions involving foreign people identified as participants in human trafficking
H.R. 3439	Radio Broadcasting Preservation Act of 2000	Invalidates certain low-power FM radio station licenses
H.R. 3489 (Commerce)	Wireless Telecommunications Sourcing and Privacy Act	Expands the FCC's criteria for certifying equipment before manufacturers, importers, sellers, and those who modify scanning receivers can import or market it
H.R. 3489 (Judiciary)	Wireless Telecommunications Privacy Act of 2000	Expands the FCC's criteria for certifying equipment before manufacturers, importers, sellers, and those who modify scanning receivers can import or market it
H.R. 3535	Shark Finning Prohibition Act	Prohibits the practice of cutting off sharks' fins and discarding the creatures in the ocean
H.R. 3575	Student Athlete Protection Act	Prohibits gambling on competitive games involving amateur athletes, specifically high school, college, and Olympic athletes
H.R. 3671 (Resources)	Wildlife and Sport Fish Restoration Programs Improvement Act of 2000	Requires the International Association of Fish and Wildlife Agencies to prepare and submit priority lists for projects to be funded by a new grant program
H.R. 3676	Santa Rosa and San Jacinto Mountains National Monument Act of 2000	Prohibits commercial air-tour operations over the national monument
H.R. 3886	International Counter-Money Laundering and Foreign Anticorruption Act of 2000	Imposes new recordkeeping requirements regarding the identity, beneficial ownership, and transaction record of accounts opened and maintained by foreign financial institutions and people
H.R. 4030	Enhancement of Military Benefits Act	Requires insurers to issue medigap policies to some Medicare enrollees
H.R. 4049	Privacy Commission Act	Requires entities in the private sector, if subpoenaed, to provide testimony and evidence related to matters that the privacy commission investigates

(Continued)

**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Below the Statutory Threshold (Continued)</b>		
H.R. 4205 (Armed Services)	National Defense Authorization Act for Fiscal Year 2001	Requires recipients of military equipment to ensure that the equipment is demilitarized; requires insurers to issue medigap policies to some Medicare enrollees
H.R. 4205 (Armed Services)	Amendment to H.R. 4205, the National Defense Authorization Act for Fiscal Year 2001	Requires insurers to issue medigap policies to some Medicare enrollees
H.R. 4205	National Defense Authorization Act for Fiscal Year 2001 (Comparison of two proposals)	Requires insurers to issue medigap policies to some Medicare enrollees
H.R. 4251	Congressional Oversight of Nuclear Transfers to North Korea Act of 2000	Places new restrictions on the export of certain nuclear-related items to North Korea
H.R. 4541 (Banking and Financial Services)	Commodity Futures Modernization and Financial Contract Netting Improvement Act of 2000	Requires registered futures associations to adopt new rules for their members; authorizes customer protection regulations that apply to sales practices relating to retail swap transactions
H.R. 4640	DNA Analysis Backlog Elimination Act of 2000	Requires people who have been convicted of certain federal offenses to submit DNA samples to federal authorities on demand
H.R. 4680	Medicare Rx 2000 Act	Bars medigap insurers from providing coverage of prescription drug expenses for certain individuals
H.R. 4717	Full and Fair Political Activity Disclosure Act of 2000	Requires some private, nonprofit organizations to disclose their political expenditures and contributions to the Internal Revenue Service
H.R. 4721	An act to provide for all right, title, and interest in and to certain property in Washington County, Utah, to be vested in the United States	Requires the owner of certain property in the Red Cliffs Reserve to confer the property to the federal government
H.R. 4843	Comprehensive Retirement Security and Pension Reform Act of 2000	Prohibits allocations of stock in an employee stock ownership plan of a subchapter S corporation
H.R. 4868 (Senate Finance)	Miscellaneous Trade and Technical Corrections Act of 2000	Prohibits commercial activities involving products that contain cat or dog fur and prohibits importation of certain foreign-made cigarettes
H.R. 4868 (Ways and Means)	Miscellaneous Trade and Technical Corrections Act of 2000	Prohibits commercial activities involving products that contain cat or dog fur
H.R. 5272	Peace Through Negotiations Act of 2000	Prohibits exports of certain defense-related items to a unilaterally declared Palestinian state or related entity

(Continued)

**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Below the Statutory Threshold (Continued)</b>		
S. 345	A bill to amend the Animal Welfare Act to remove the limitation that permits interstate movement of live birds	Prohibits the interstate movement of live birds for the purpose of fighting
S. 353	Class Action Fairness Act of 2000	Requires class counsels to make notifications and disclosures to the attorneys general of all states in which a class member resides
S. 783	James Guelff Body Armor Act of 2000	Requires some felons to obtain written certification from their employer indicating that body armor is necessary to conduct lawful business activity
S. 1109	Bear Protection Act of 1999	Prohibits the importation, exportation, and interstate trade of bear parts
S. 1515	Radiation Exposure Compensation Act Amendments of 1999	Reduces the limit on attorneys' fees under the Radiation Exposure Compensation Act
S. 1515 (House Judiciary)	Radiation Exposure Compensation Act Amendments of 1999	Reduces the limit on attorneys' fees under the Radiation Exposure Compensation Act
S. 1586	Indian Land Consolidation Act Amendments of 2000	Implements new eligibility requirements for the inheritance of fractional interests in Indian trust and restricted lands
S. 1754	Denying Safe Havens to International and War Criminals Act of 1999	Expands the federal courts' power to compel testimony in connection with requests for legal assistance from foreign governments
S. 1854	Hart-Scott-Rodino Antitrust Improvements Act of 2000	Increases fees for some businesses that wish to merge with or acquire another business
S. 1898	Interstate Transportation of Dangerous Criminals Act of 2000	Imposes standards and conditions on companies that transport violent prisoners from one state to another
S. 1911	Atlantic Highly Migratory Species Conservation Act of 1999	Prohibits certain longline commercial fishing in parts of the Atlantic Ocean; imposes new fees on swordfish dealers and new requirements on longline vessels
S. 1950	Powder River Basin Resource Development Act of 2000	Requires certain resource developers to participate in a new dispute-resolution process
S. 1998	Yuma Crossing National Heritage Area Act of 1999	Requires the Yuma Crossing National Heritage Area Board of Directors to develop a management plan for the heritage area and to assist local governments and other organizations in activities regarding the heritage area

(Continued)

**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Below the Statutory Threshold (Continued)</b>		
S. 2029	Know Your Caller Act of 2000	Requires commercial telephone solicitors to transmit specific information about the caller; prohibits such solicitors from using a person's name and telephone number for marketing purposes when requested
S. 2045	American Competitiveness in the Twenty-First Century Act of 2000	Prohibits "H-1B-dependent" employers from hiring H-1B visa holders within 90 days of firing another employee from a similar position
S. 2046	Next Generation Internet 2000	Requires the National Academy of Sciences, a nonprofit institution, to conduct a study of rural and low-income Americans' access to the Internet
S. 2071	Electric Reliability 2000 Act	Requires all users of the bulk power system to abide by standards set by the private electric reliability organization and directs that organization and each regional affiliate to assess fees
S. 2087	Military Health Care Improvements Act of 2000	Requires insurers to issue medigap policies to some Medicare enrollees
S. 2107	Competitive Market Supervision Act	Requires each national securities exchange and national securities association to file monthly estimates of certain fees with the Securities and Exchange Commission
S. 2247	Wheeling National Heritage Area Act of 2000	Requires the Wheeling National Heritage Area Corporation to implement the current management plan for the area to assist local governments and other organizations and imposes specific prohibitions on the acquisition of property
S. 2340	Amateur Sports Integrity Act	Prohibits any wagering on amateur sports and requires colleges to compile and report gambling information and policies
S. 2382	Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000	Increases the amount of the bond required if carriers wish to submit forms after the departure of international cargo and prohibits certain transactions involving Serbia and the government of Yugoslavia
S. 2420	Long-Term Care Security Act and Federal Erroneous Retirement Coverage Corrections Act	Requires the government of the District of Columbia and Gallaudet University to correct errors associated with the enrollment of employees in federal retirement plans

(Continued)

**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs Below the Statutory Threshold (Continued)</b>		
S. 2438	Pipeline Safety Improvement Act of 2000	Imposes new requirements on operators of natural gas and hazardous-liquid pipelines
S. 2440	Airport Security Improvement Act of 2000	Imposes new hiring procedures and training standards for airport security workers, accelerates FAA requirements, and requires the FAA to tighten security procedures in specific airports
S. 2549	National Defense Authorization Act for Fiscal Year 2001	Requires insurers to issue medigap policies to some Medicare enrollees; requires secondary schools to provide military recruiters with access to students and students' information or to vote to deny such access
S. 2677	Zimbabwe Democracy Act of 2000	Prohibits certain defense-related exports to Zimbabwe
S. 2686	A bill to amend chapter 36 of title 39, United States Code, to modify rates relating to reduced rate mail matter, and for other purposes	Increases postage rates for some types of mail
S. 2697	Commodity Futures Modernization Act of 2000	Requires a registered futures association to adopt rules for specific people who recommend a purchase or sale of a futures on a security
S. 2873	A bill to provide all right, title, and interest in and to certain property in Washington County, Utah, to be vested in the United States	Requires the owner of certain property in the Red Cliffs Reserve to confer the property to the federal government
S. 3001	Grain Standards and Warehouse Improvement Act of 2000	Extends fees on grain exporters for services provided by the Federal Grain Inspection Service
<b>Private-Sector Mandates with Costs That Could Not Be Estimated</b>		
H.R. 1776	American Homeownership and Economic Opportunity Act of 2000	Increases fees for builders of manufactured housing by expanding the activities covered by those fees
H.R. 4441	Motor Carrier Fuel Cost Equity Act of 2000	Requires motor carriers, brokers, and freight forwarders to assess a surcharge or other fuel cost adjustment in any new contract or agreement with shippers and to pass on any fuel adjustment to independent truckers whom they hire to transport the freight and who are responsible for purchasing the fuel
H.R. 4444	An act to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the People's Republic of China	Broadens the conditions under which the U.S. government could impose trade restrictions on imports of Chinese goods that are found to seriously harm or threaten domestic production of competing or similar goods

(Continued)

**Table A-3.  
Continued**

Bill Number (Committee)	Name	Mandate
<b>Private-Sector Mandates with Costs That Could Not Be Estimated (Continued)</b>		
H.R. 4541 (Commerce)	Commodity Futures Modernization Act of 2000	Imposes privacy requirements on all people or entities subject to the jurisdiction of the Commodity Futures Trading Commission; requires registered futures associations to also become registered national securities associations
H.R. 4585	Medical Financial Privacy Protection Act	Requires financial institutions to obtain affirmative consent from customers whose individually identifiable health information they intend to share with an affiliate or a nonaffiliated third party; gives customers the right to review, inspect, and correct such information held by financial institutions
S. 876	Children's Protection from Violent Programming Act	Prohibits the transmission of certain violent programs to the public during specific hours unless the programs can be blocked electronically
S. 1452	Manufactured Housing Improvement Act	Increases fees for builders of manufactured housing by expanding the activities covered by those fees

SOURCE: Congressional Budget Office.

NOTES: The threshold for private-sector mandates, which is adjusted annually for inflation, was \$109 million in 2000.

H-1B workers are skilled foreigners admitted temporarily to the United States to work for U.S. employers; FCC = Federal Communications Commission; FAA = Federal Aviation Administration; GSA = General Services Administration.

**Table A-4.**  
**Laws Enacted in 2000 That Contained Intergovernmental Mandates**

Public Law	Name	Mandate	Does Law Contain a Mandate Not Reviewed by CBO?	Do Costs Exceed Threshold? <sup>a</sup>
106-179	Indian Tribal Economic Development and Contract Encouragement Act of 2000	Requires tribes to include a statement about sovereign immunity in certain contracts	No	No
106-180	Open-Market Reorganization for the Betterment of International Telecommunications Act	Preempts state laws regarding immunity and privileges for Comsat	Yes	No
106-181	Wendell H. Ford Aviation Investment and Reform Act for the 21st Century	Preempts state authority over providers of disaster counseling; preempts state liability laws; limits authority of local governments to site municipal landfills within six miles of certain airports; limits authority over passenger facility fees and revenues from other fees	Yes	No
106-197	An act to exempt certain reports from automatic elimination and sunset pursuant to the Federal Reports Elimination and Sunset Act of 1995, and for other purposes	Requires states to report encryption information to the Administrative Office of the U.S. Courts	No	No
106-210	Muhammad Ali Boxing Reform Act	Requires state boxing commissions to establish certain procedures	No	No
106-224	Agricultural Risk Protection Act of 2000	Preempts state regulation, in foreign or interstate commerce, of plant pests or noxious weeds	Yes	No
106-226	An act to provide that the School Governance Charter Amendment Act of 2000 shall take effect upon the date such Act is ratified by the voters of the District of Columbia	Preempts the charter of the District of Columbia to allow an amendment to take effect immediately upon ratification by voters	No	No
106-229	Electronic Signatures in Global and National Commerce Act	Preempts state laws regulating signature requirements	No	No
106-244	An act to amend title I of the Employee Retirement Income Security Act of 1974 to provide for the preemption of State law in certain cases relating to certain church plans	Preempts state insurance laws relating to some health plans provided by churches	Yes	No

(Continued)

**Table A-4.  
Continued**

Public Law	Name	Mandate	Does Law Contain a Mandate Not Reviewed by CBO?	Do Costs Exceed Threshold? <sup>a</sup>
106-246	An act making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes	Preempts local zoning laws in conflict with construction activities	Yes	No
106-252	Mobile Telecommunications Sourcing Act	Preempts state and local laws by prohibiting taxation of wireless telecommunications except as specified by the law	No	No
106-265	Long-Term Care Security Act	Preempts state contract laws when the federal government contracts for health care; changes the way in which the District of Columbia must correct certain errors in retirement plans	No	No
106-278	Lackawanna Valley National Heritage Area Act of 2000	Requires the Lackawanna Valley Heritage Authority to prepare a management plan and undertake certain activities	No	No
106-291	An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2001, and for other purposes	Restricts use of land held in trust for a Native American tribe	Yes	No
106-311	An act to increase the amount of fees charged to employers who are petitioners for the employment of H-1B non-immigrant workers, and for other purposes	Requires states as employers to pay a higher fee to hire workers with H-1B visas	No	No
106-382	Fort Peck Reservation Rural Water System Act of 2000	Requires public entities to prepare a water conservation plan	No	No
106-384	An act to amend chapter 36 of title 39, United States Code, to modify rates relating to reduced rate mail matter, and for other purposes	Increases postage rates for some agencies of state and local governments	No	No

(Continued)



**Table A-4.  
Continued**

Public Law	Name	Mandate	Does Law Contain a Mandate Not Reviewed by CBO?	Do Costs Exceed Threshold? <sup>a</sup>
106-386	Victims of Trafficking and Violence Protection Act of 2000	Preempts state laws and requires certain property to be forfeited to the federal government; broadens existing mandates governing notification requirements when protective orders are issued	No	No
106-387	An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2001, and for other purposes	Limits how state and local governments may finance sales of agricultural commodities to Cuba	Yes	No
106-397	District of Columbia Receivership Accountability Act of 2000	Requires court-appointed receivers in the District of Columbia to adopt certain managerial processes	No	No
106-398	An act to authorize appropriations for fiscal year 2001 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes	Preempts state laws governing wills; requires schools to allow access to military recruiters; extends requirement that insurers issue medigap coverage to some Medicare beneficiaries; requires names and Social Security numbers of felons to be submitted for certain purposes	Yes	No
106-446	An act to amend title 10, United States Code, to facilitate the adoption of retired military working dogs by law enforcement agencies, former handlers of these dogs, and other persons capable of caring for these dogs	Preempts state liability laws as they relate to certain lawsuits arising from dog adoptions	Yes	No
106-469	Energy Act of 2000	Preempts state and local regulations controlling sales of some petroleum products	Yes	No
106-489	An act to amend title 46, United States Code, to provide equitable treatment with respect to State and local income taxes for certain individuals who perform duties on vessels	Prohibits state and local governments from imposing income taxes on certain individuals	No	No

(Continued)

**Table A-4.**  
**Continued**

Public Law	Name	Mandate	Does Law Contain a Mandate Not Reviewed by CBO?	Do Costs Exceed Threshold? <sup>a</sup>
106-505	Public Health Improvement Act	Preempts some state liability laws	No	No
106-522	An act making appropriations for the government of the District of Columbia, and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes	Imposes new reporting requirements on the Mayor and departments of the District of Columbia	Yes	No
106-528	Airport Security Improvement Act of 2000	Requires owners and operators of public airports to improve airport security	No	No
106-554	An act making consolidated appropriations for the fiscal year ending September 30, 2001, and for other purposes	Preempts state laws affecting certain transactions conducted in markets regulated by the Commodities Futures Trading Commission and the Securities and Exchange Commission; limits states' options for securing a creditor's interest in student loans; preempts certain state liability laws regarding independent contractors	Yes	No
106-566	Hawaii Water Resources Act of 2000	Requires the state of Hawaii to pay half of the cost of a study	No	No
106-569	American Homeownership and Economic Opportunity Act of 2000	Preempts states' authority to set standards for installing manufactured housing	No	No

SOURCE: Congressional Budget Office.

a. The threshold for intergovernmental mandates, which is adjusted annually for inflation, was \$55 million in 2000.

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